



Testimony of Eric Gjede
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Before the Labor & Public Employees Committee
Hartford, CT
March 15, 2022

**Testifying in opposition to
SB 422: AN ACT CONCERNING THE ESSENTIAL WORKERS COVID-19 ASSISTANCE PROGRAM**

Good afternoon, Senator Kushner, Representative Porter, Senator Sampson, Representative Arora and members of the Labor & Public Employees Committee. My name is Eric Gjede and I am vice president of public policy for CBIA, the Connecticut Business & Industry Association. CBIA is Connecticut's largest business organization, with thousands of member companies, small and large, representing a diverse range of industries from across the state. Ninety-five percent of our member companies are small businesses with less than 100 employees.

SB 422 sets up a fund to provide tax-free income in the form of paid sick leave to individuals impacted by the COVID-19 pandemic. The paid leave appears, at first glance, to be funded via an appropriation from the general fund. However, lines 243-246 suggest that the first eighty hours of paid leave "shall come from the employee's employer". This sick leave is retroactive up to four weeks after the expiration of the Governor's emergency declaration.

Unlike the paid sick leave provided by the federal Families First Coronavirus Response Act in 2020, SB 422 does not offer employers a corresponding payroll tax credit to fund this leave. As a result, Connecticut businesses will incur the cost of a new labor mandate at a time they can least afford it.

The COVID-19 sick leave mandate proposed in SB 422 has the potential to be economically devastating to Connecticut. Back in 2011, members of the General Assembly saw the wisdom of excluding Connecticut's smallest businesses and the manufacturing sector from the state's sick leave mandate.

Connecticut employers, particularly small businesses, continue to face a multitude of pandemic-related challenges. Most saw operating costs increase due to supply chain issues and inflation, and an astounding 80% continue to face workforce issues. There are 110,000 unfilled job openings in the state, and despite all the state's wage and benefit mandates, we have lost 92,000 people from our labor force since February of 2020. In fact, Connecticut's labor force losses since February of 2020 represent over 10% of the total U.S. decline. Our state's unemployment rate remains higher than the national average, and employers face looming tax increases in the coming months to pay off federal unemployment loans.

Please take no action on SB 422